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Chairman

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Vice-Chairman

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Chairman Robert "Bob" Burns
Commissioner Sandra Kennedy
Commissioner Boyd Dunn
Commissioner Justin Olson
Commissioner Leah Marquez Peterson

Re: Tucson Electric Power Company Rate Case, Docket No. E-01933A-19-0028.

Dear Commissioners,

I am writing to provide comments regarding the ongoing Tucson Electric Power Company rate case, Docket Number E-01933A-19-0028. I hope that this letter provides some insight to how the Navajo Generating Station closure has impacted the Hopi Tribe. I have read President Jonathan Nez's comments submitted to the Commission on this matter and echo many of his concerns. The Hopi Tribe appreciates this opportunity to comment and provide recommendations for the Commission to consider that will ease economic impacts and help communities transition away from coal-based economies.

Though the Hopi Tribe is not a Tucson Electric customer, it has been directly impacted by Tucson Electric's decision to prematurely shut down the Navajo Generating Station (NGS) coal fired power plant and the resulting closure of the Kayenta Mine. This early closure has resulted in catastrophic economic impacts for the Hopi Tribe. The Tribe is facing a massive budgetary shortfall with the loss of annual coal-based royalties that accounted for about \$12 million, or over 80% of the Tribe's yearly budget. The closure has also led to a direct loss of 544 jobs, and the Tribe expects to indirectly lose an additional 816-1,360 jobs. Further, Hopi members have lost access to Kayenta coal which was relied on to heat homes and kivas – something that was especially important for homes without electricity access.

To mitigate the impacts caused by the Navajo Generating Station closure and help Hopi and other coal-communities transition to new economic opportunities, the Hopi Tribe proposes the following recommendations. I hope that Tucson Electric and the Arizona Corporation Commission will consider these, keeping in mind the vital role coal-communities have played in providing reliable electricity for the region for decades.

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- 1. Tucson Electric should provide \$16.8 million in funding for Hopi to transition to new economic development opportunities.**

I agree with President Nez's valuation of \$100,000 per MW of nameplate capacity owned by Tucson Electric. \$16.8 million is thus a fair amount based on their 168 MW share of Navajo Generating Station capacity. This funding will help the Hopi Tribe transition away from a coal-economy, and will be targeted towards economic development opportunities that will replace lost revenue and provide employment for Tribal members impacted by the NGS closure. A sizeable portion of this funding should be used to develop Hopi-owned renewable energy projects that can become a source of clean energy for Tucson Electric or other regional utilities.

- 2. Tucson Electric should provide the Hopi Tribe and Hopi Utilities Corporation with technical assistance to develop renewable energy to replace coal fired generation.**

This technical assistance should help Hopi staff to identify and plan renewable energy development zones to construct cost-competitive, Hopi owned electricity generation projects. The Hopi Tribe has an abundance of renewable resource potential and willingness to harness these resources on Hopi land. I believe this is an opportunity for the Hopi Tribe and Tucson Electric to develop renewable energy projects that are mutually beneficial.

- 3. Tucson Electric should sign 300 MW of electricity offtake agreements from utility-scale projects that are either Hopi-owned or sited on Hopi land.**

Tucson Electric has a stated goal of adding 450 MW of new renewable energy capacity by 2021. As they continue to add to their renewables portfolio and replace coal generation capacity, Tucson Electric should look towards the Hopi Tribe as a source of new utility-scale renewable energy projects. Tucson Electric should seek to add 300 MW of Hopi-owned or sited renewable energy to their portfolio by 2025, and give preference to Hopi-based projects in future Requests for Proposals.

- 4. Tucson Electric should assist the Hopi Tribe to improve electricity access for the reservation through technical and financial assistance.**

For decades, Hopi employees worked to supply reliable coal-based electricity for the region. While this electricity was sent overhead to power urban areas like Phoenix, many Hopi tribal members lived without household access to electricity.

Improving access to electricity improves economic opportunities for communities. To address the lost economic opportunity associated with the NGS closure, Tucson Electric should help the Hopi Tribe to address this electricity access disparity. This may be achieved by funding an expansion of distribution infrastructure or installation of household solar and battery storage systems where it is more economically prudent.

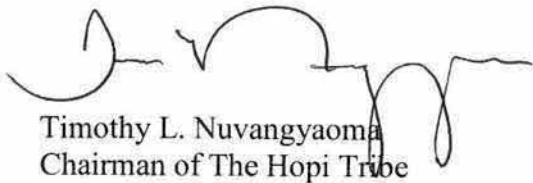
- 5. The Arizona Corporation Commission should initiate a docket proceeding on a just transition for coal communities.**

The economies of coal communities such as Hopi have been intertwined with and reliant on coal generation for decades. Coal has played a very important role for these communities by creating stable employment as well as major revenue streams. Likewise, coal mining and generation facilities have relied on these communities as crucial sources of skilled workers. And while coal generation has served as a reliable baseload to power the region's economy, the Hopi Tribe and other coal communities have borne the brunt of environmental and health impacts from coal.

As utilities continue to retire the aging and expensive coal fleet, it's important that stakeholders discuss how to transition to a new energy generation portfolio without leaving behind the communities that have historically been the backbone of coal generation.

The Hopi Tribe understands that Tucson Electric's decision to move away from coal and towards cheaper natural gas and renewable energy is an economic one and agrees with the importance of transitioning towards renewable energy. Like many other coal communities, the Hopi Tribe must transition to new economic opportunities. The Hopi Tribe has been an important part of Tucson Electric and Navajo Generating Station's history, and with its closure sees an opportunity to be part of the future energy generation as well.

The Hopi Tribe appreciates this opportunity to provide comments to the Arizona Corporation Commission regarding the Tucson Electric Power Company's rate case. We hope the Commission will consider these suggestions for assisting coal communities impacted by closures, as well as open a formal docket to further discuss this issue.



Timothy L. Nuvangyaoma
Chairman of The Hopi Tribe